

 <p>QUEENSLAND CONSUMERS ASSOCIATION</p>	<p>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</p> <p><i>Secretary: Max Howard PO Box 261 Corinda Q 4075</i></p>
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SUBMISSION ON AVIATION WHITE PAPER: TERMS OF REFERENCE

BACKGROUND

The Queensland Consumers' Association (QCA) is a non-profit organisation established over 40 years ago and which exists to advance the interests of Queensland consumers. QCA's members work in a voluntary capacity and specialise in particular policy areas.

QCA is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups, and works closely with many other consumer and community groups.

QCA is very interested in and has been involved with aviation issues for many years.

Therefore, QCA welcomes the opportunity to participate in this consultation and in future consultations on the White Paper. QCA's views on some issues are provided below.

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GENERAL COMMENTS

QCA strongly supports the government's decision to prepare a new White Paper on Aviation and to consult widely now and later following the release of a Green Paper.

Aviation services are essential for consumers and the economy and a review is long overdue given the major changes that have occurred in the industry, the economy and among consumers since the 2009 White Paper was released.

QCA emphasises that to be effective the review needs to be very broad and comprehensive and involve other relevant legislation, departments and agencies. For example, it needs to include legislation and departments and agencies involved with consumer protection and empowerment such as the Australian Consumer Law, Treasury and the Australian Competition and Consumer Commission. It must also involve state and territory governments.

Given the importance of aviation to consumers and the low levels of consumer trust and confidence in the sector, the White Paper needs to include a section on, and contain recommendations that will improve consumer protections and consumer empowerment.

QCA also supports the joint submission made by CFA and CHOICE.

SPECIFIC COMMENTS

TOR Purpose

QCA does not support the stated aim of promoting “an efficient, safe, sustainable and competitive Australian aviation sector”. This is far too industry focused and fails to recognise the importance of fairness as an aim and that it cannot be guaranteed to result from the achievement of the present aims. For example, competition alone will not necessarily result in fair outcomes for consumers and communities. Also, one of the theme areas to be covered in the White Paper is “appropriate consumer protections and access to services” which QCA considers is not adequately covered by the current aims.

Therefore, QCA **recommends** that the aims be changed to promoting “an efficient, safe, **fair**, sustainable and competitive Australian aviation sector”.

TOR Scope

QCA does not support the stated scope aim of promoting the “efficiency, safety, sustainability and competitiveness of the aviation sector”.

For the reasons given above, QCA therefore **recommends** that the scope be changed to promoting the “efficiency, safety, **fairness**, sustainability and competitiveness of the aviation sector”.

TOR Theme Areas

QCA welcomes that a theme area to be considered is:

- appropriate consumer protections and access to services;

However, QCA considers that the use only of the term “consumer protection” does not sufficiently indicate the importance of, and need for, consumer empowerment. Consumer empowerment includes consumer education, access to information to facilitate informed choice, and consumer research and advocacy.

Therefore, QCA **recommends** that this theme area be changed to

- appropriate consumer **empowerment** and protections and access to services;

External dispute resolution

The Airline Customer Advocate (ACA) system that the four main domestic airlines (Qantas, Virgin Australia, Jetstar and Rex) set up in 2012 has not been sufficiently effective for consumers. See for example the CHOICE 2021 report¹ and some recent newspaper stories² about the ACA.

The many reasons why the ACA has been insufficiently effective for consumers include flawed basic design and inadequate resourcing.

Therefore, QCA **recommends** that the ACA be replaced with a free, mandatory, independent, ombudsman scheme to handle unresolved customer complaints/claims and with the power to make binding determinations. Such schemes operate nationally for the telecommunications and finance industries and at state level for the energy and water industries. They are very beneficial for consumers. They also facilitate the identification and resolution of systemic issues, encourage improvements in internal dispute resolution arrangements, and increase consumer knowledge and skill levels.

¹ <https://www.choice.com.au/consumer-advocacy/policy-submissions/2021/july/report-on-fairer-consumer-protections-for-australian-travellers>

² <https://www.escape.com.au/news/after-122-days-heres-what-i-learnt-about-australias-airline-customer-advocate/news-story/1d0c99b3951e83956981db0d0a748a4d> and <https://www.escape.com.au/news/living-nightmare-airline-customers-call-for-independent-ombudsman/news-story/b89f27b88ee7586a6210411cbd672a05>

As a minimum the scheme should apply to all airlines based in Australia and cover both their domestic and international flights. Ideally, it should apply to all airlines that operate flights within in or out of Australia³.

Membership should be compulsory for all airlines considered within scope and the scheme should be funded by its members. The scheme's design should comply with the Commonwealth's Benchmarks for Industry based Dispute Resolution and meet the criteria for membership of the Australia and New Zealand Ombudsman Association.

Customer protections for flights cancelled or delayed due to reasons within the airline's control

The voluntary arrangements currently provided by airlines for refunds, credits, compensation, etc. are inadequate and result in very high levels of detriment to Australian consumers.

Other countries, for example the European Union, UK, Canada, and USA have legislated schemes that airlines must comply with and which cover a range of events.

Therefore, QCA **recommends** that as minimum Australian based airlines (and ideally all airlines operating within and out of Australia) be required to comply with legislated consumer protections when flights are cancelled or delayed due to reasons within the airline's control.

Airline charges

Airline charges for many services, for example minor changes to bookings, often appear very high relative to the likely cost of providing the service.

Therefore, the Association **recommends** that an inquiry be undertaken into airline charges for services such as for minor changes to bookings.

Publication of domestic flight punctuality and reliability information

The Bureau of Infrastructure, Transport and Regional Economics publishes information about the punctuality and reliability of major domestic airlines operating between Australian airports.

<https://www.bitre.gov.au/statistics/aviation/otphome>

This information facilitates the evaluation of the industry's performance and for individual airlines and routes. And, very importantly, it assists consumers to make informed travel decisions.

However, on-time performance information is only published for Australian domestic routes for which the passenger load averaged 8000 or more passengers per month over the previous six months and where two or more airlines operated in competition on those routes.

This means that consumers have no access to information about on time performance and cancellations on some regional routes.

The public provision and effective dissemination of this information for such routes would be very beneficial since it would:

- Increase the availability to consumers, local government, etc. of information about the quality of provision of an essential service.
- Facilitate better informed consumer decision-making when choosing between flights and other forms of travel.
- Provide an incentive for improved performance.

Therefore, the Association **recommends** that on time performance and cancellation information be published for routes currently excluded from the published reports.

³ Consideration should also be given to including airports in such a scheme.